

DISTILLERS GRAINS TECHNOLOGY COUNCIL,
INC.

18TH Distillers Grains Symposium

Exports of DDGS in 2013 / 2014

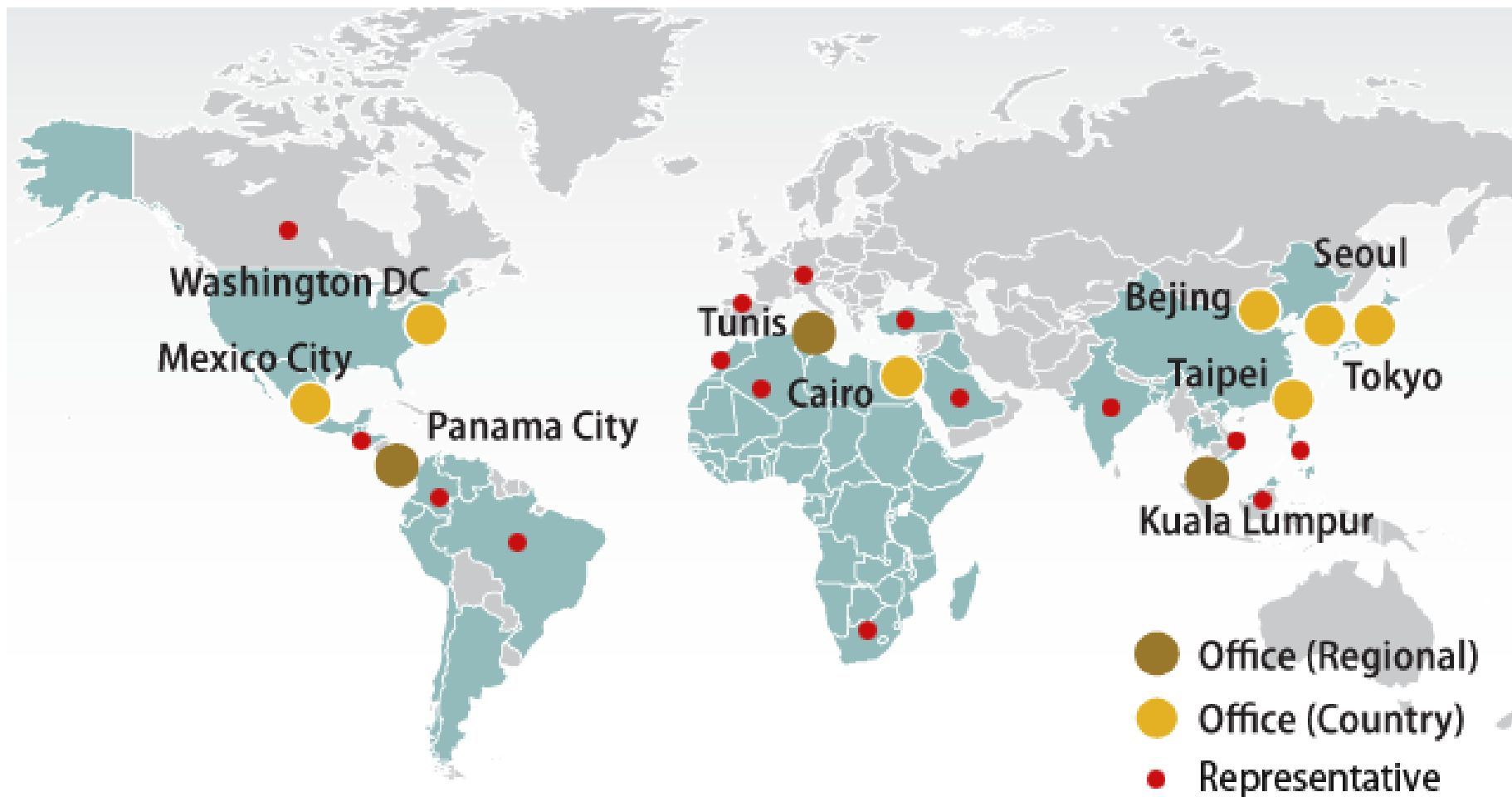


U.S. GRAINS
COUNCIL

May 15th, 2014
Irving, TX

Alvaro A. Cordero
Manager of Global Trade

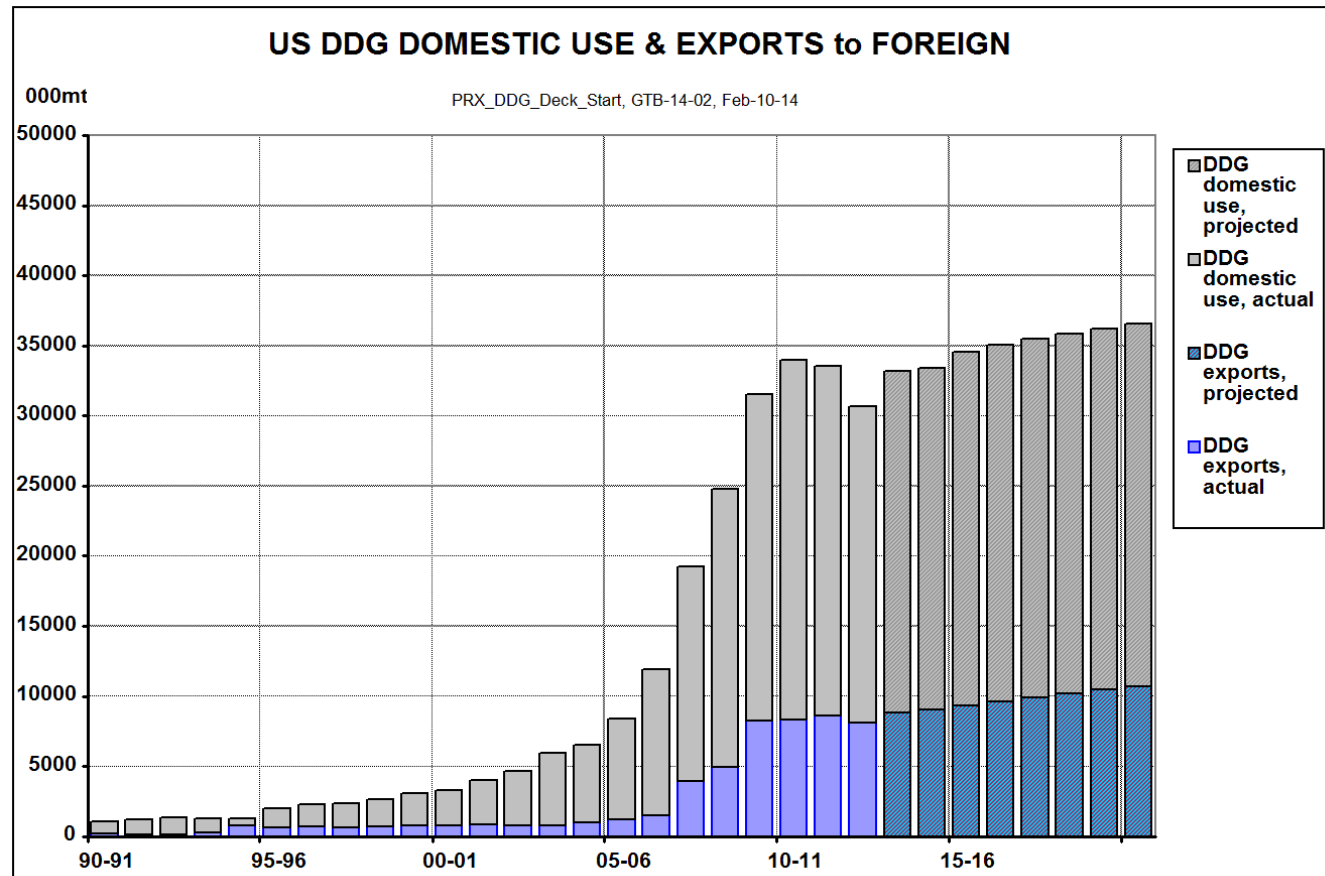
Developing markets. >> Enabling trade. >> Improving lives.





DDGS – Int. Market Analysis

DDGS Demand

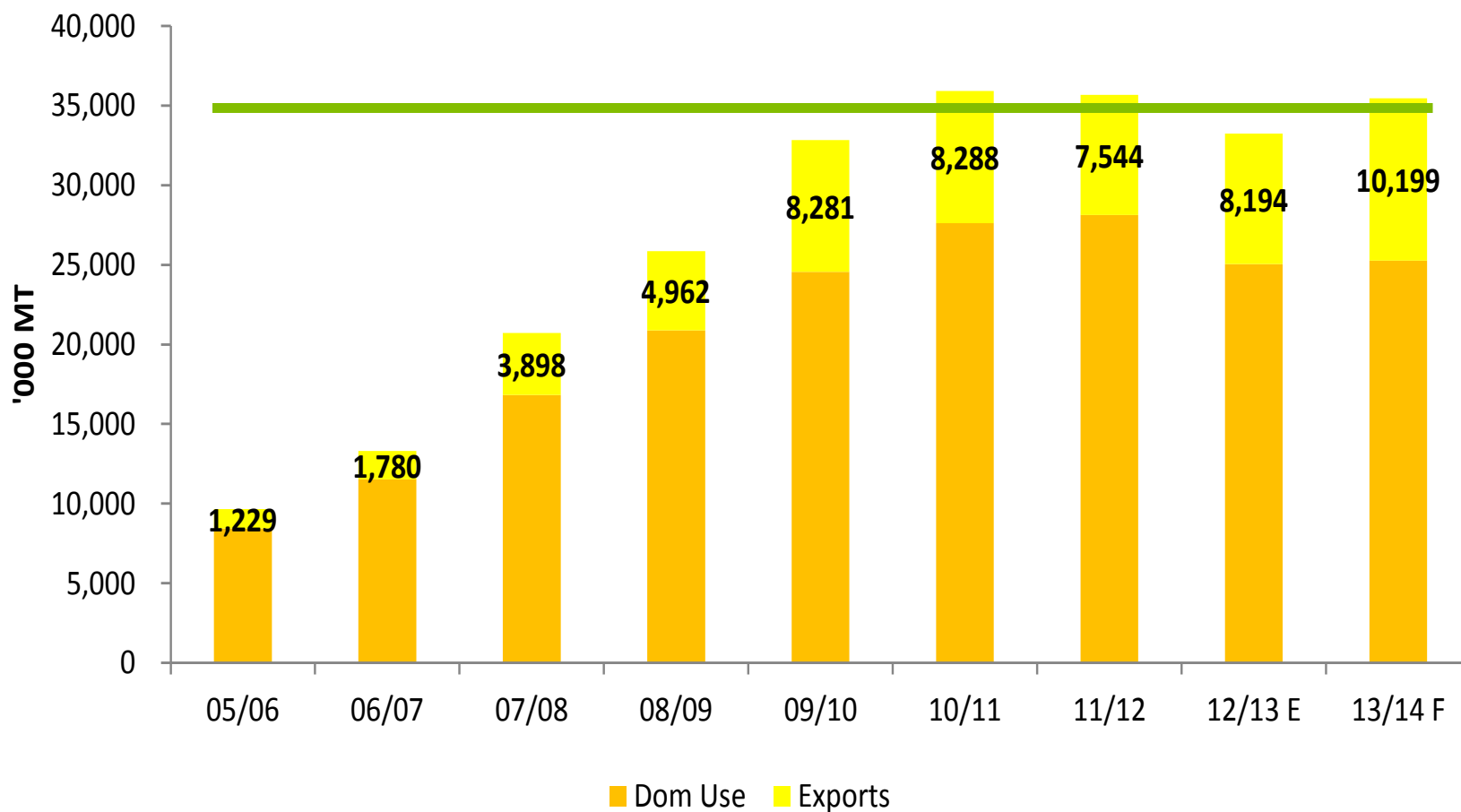


DDG DOMESTIC USE EXCEEDS EXPORTS TO FOREIGN

PRX Blue Sky Model shows DDG production leveling off—most of which is fed in place of whole corn, with increasing exports to foreign (as low cost competitor to protein meal).

DDGS Supply and Demand

DDG Domestic Usage & Exports



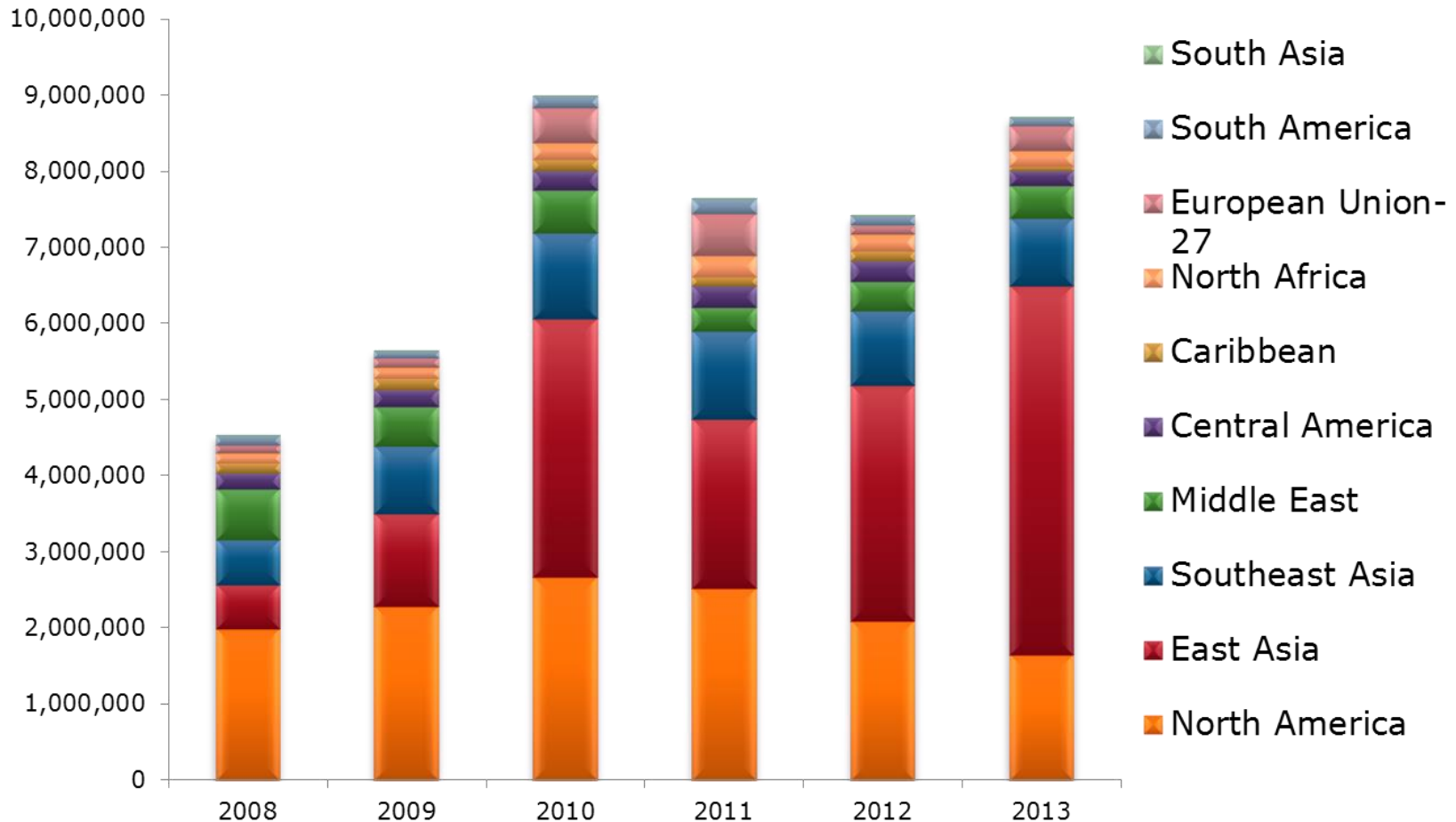
Export Markets

COUNTRY	2010 YR	2011 YR	2012 YR	2013 YR	Jan/Mar 2013	Jan/Mar 2014	% Change	Net Change
<i>World Total</i>	9,004,669	7,674,559	7,419,054	9,712,448	1,794,819	2,969,302	65	1,174,483
China	2,528,759	1,372,592	2,160,523	4,488,269	436,037	1,395,742	220	959,705
Mexico	1,650,908	1,774,457	1,498,544	1,284,511	283,925	356,352	26	72,427
Canada	1,042,702	746,374	593,667	474,495	118,640	72,390	-39	-46,250
Korea, South	506,474	337,801	345,584	396,359	76,109	213,421	180	137,312
Japan	217,780	300,699	377,620	383,232	106,472	118,169	11	11,697
Vietnam	430,236	494,599	371,272	355,978	88,821	184,663	108	95,842
Turkey	374,220	61,001	175,965	289,358	135,276	51,860	-62	-83,416
Thailand	291,070	202,633	210,768	271,257	68,591	59,250	-14	-9,341
Taiwan	144,485	234,877	207,626	239,754	54,901	62,812	14	7,911
Indonesia	251,305	246,007	165,334	238,396	60,086	67,956	13	7,870
Ireland	275,068	183,045	89,556	225,421	73,385	80,198	9	6,813
Israel(*)	162,695	214,074	170,057	131,733	24,438	29,347		4,909
Egypt	80,576	109,840	97,295	113,721	47,431	32,122	-32	-15,309
Morocco	133,135	168,284	117,090	113,478	24,231	16,393	-32	-7,838
Colombia	78,027	87,797	87,556	93,727	27,037	26,559	-2	-478

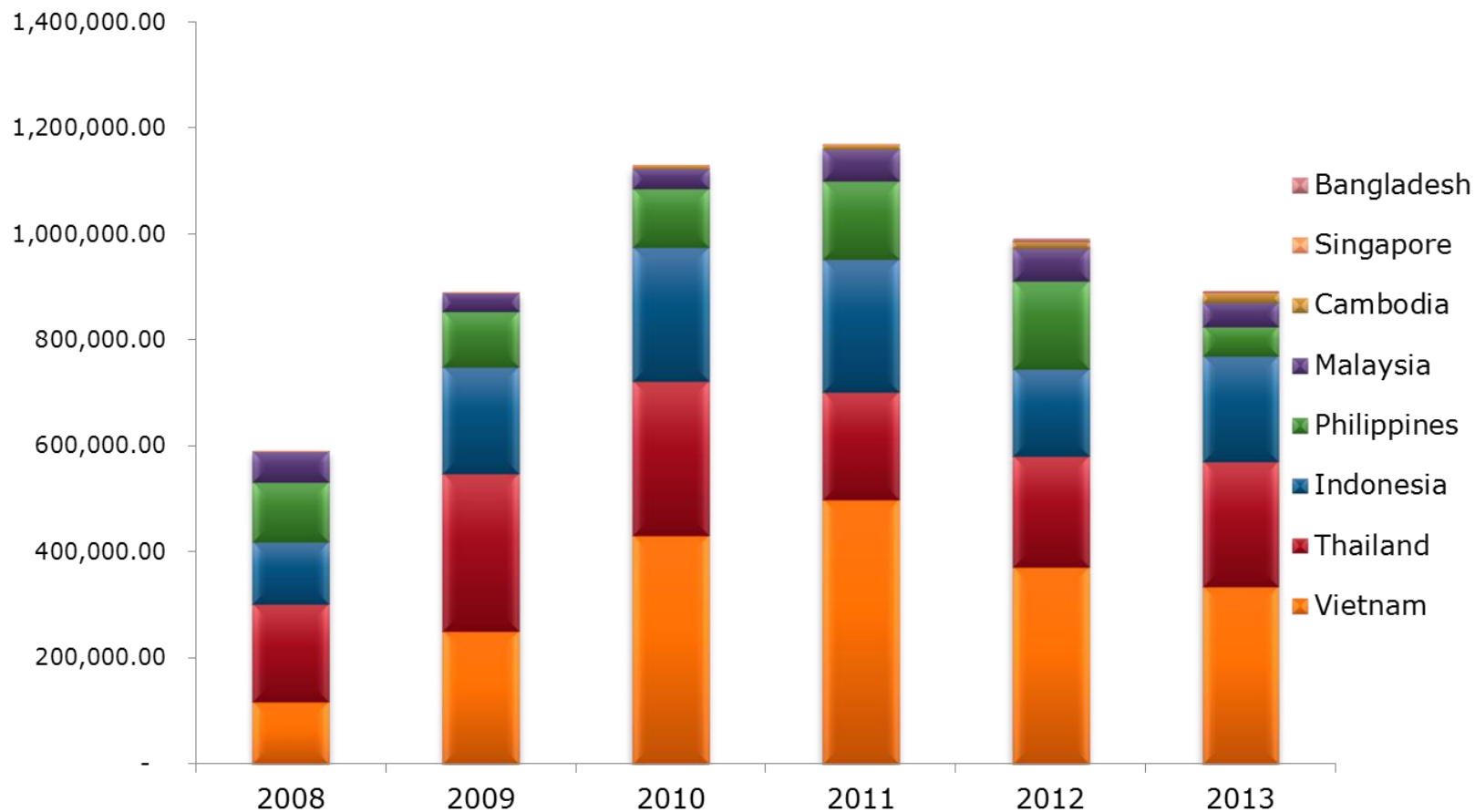
Export Markets

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<i>World Total</i>	9,004,669	7,674,559	7,419,054	9,712,448	1,794,819	2,969,302	65	1,174,483
United Kingdom	115,860	122,501	-	87,115	16,535	32,573		16,038
Costa Rica	89,737	93,493	82,166	70,425	15,692	16,114	3	422
Philippines	112,052	145,425	163,794	61,711	13,750	26,274	91	12,524
Guatemala	71,413	78,271	81,732	51,559	13,328	15,994	20	2,666
Cuba	133,636	110,677	114,548	50,188	8,347	-		-8,347
Malaysia	38,060	59,912	61,836	47,532	16,211	8,174	-50	-8,037
Honduras	30,668	41,383	34,913	38,771	9,882	8,446	-15	-1,436
El Salvador	40,667	48,504	49,992	37,860	10,296	15,466	50	5,170
Jordan	33	6,286	9,537	20,819	7,326	423		-6,903
Cambodia	4,877	7,826	11,806	19,658	5,089	6,146	21	1,057
United Arab Emir	-	1,306	5,431	19,107	5,987	1,289	-78	-4,698
Jamaica	5,801	12,582	16,305	17,575	4,447	4,150	-7	-297
Bangladesh	6,046	5,217	6,422	16,077	684	2,698	294	2,014
Peru	5,015	11,938	10,820	14,246	7,649	6,005		-1,644
Ecuador	-	-	-	13,246	8,557	-		-8,557
Spain	39,893	120,221	15,626	12,716	12,716	21,855		9,139

DDGS Exports to the world



SEA DDGS Exports

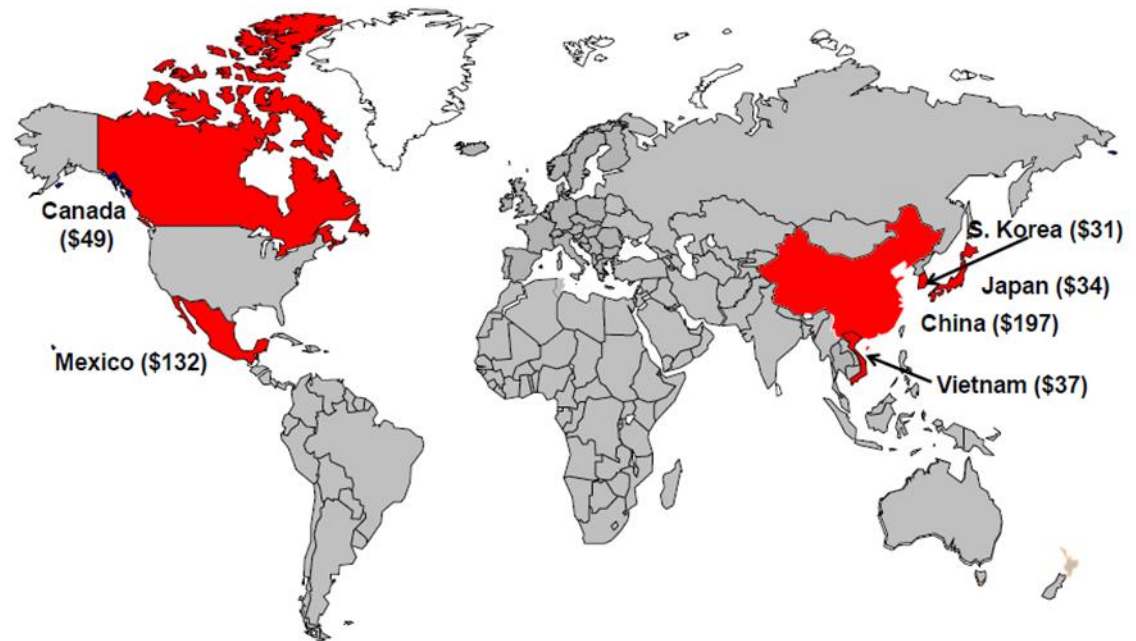


Major DDGS Importers / Impact

1. China (+220%)
2. Mexico (+26%)
3. Canada (-39%)
4. Japan (+11%)
5. Vietnam (+108%)
6. Korea (+180%)

Top U.S. DDG Markets

October-April 2012 Exports in \$ million



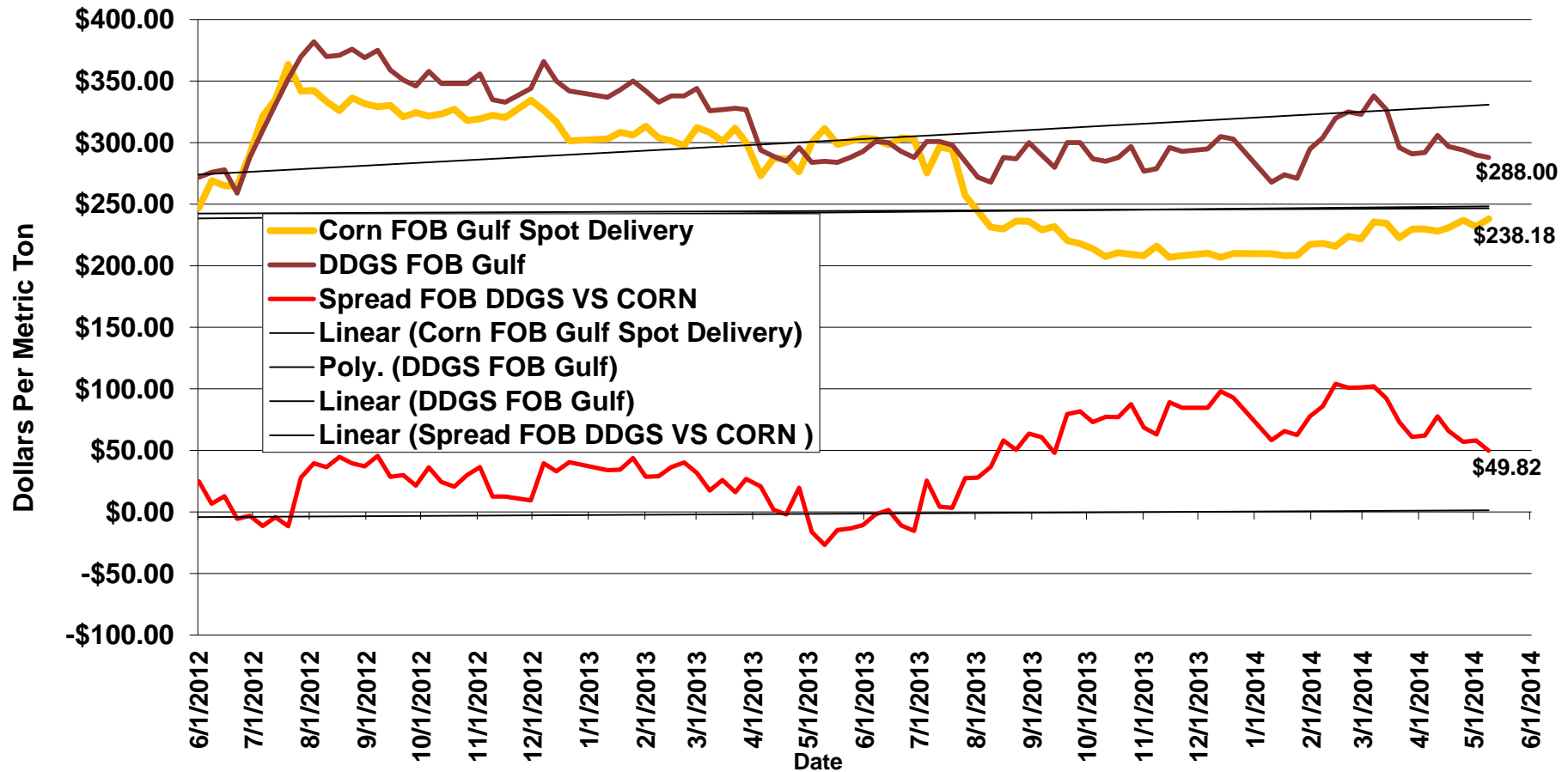
Price Reference

DDGS Price Table: May 9, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	May	June	July
Barge CIF New Orleans	280	277	273
FOB Vessel GULF	288	285	281
Rail delivered PNW	310	305	297
Rail delivered California	316	311	303
Mid-Bridge Laredo, TX	315	310	305
40 ft. Containers to South Korea (Busan)	350	348	343
40 ft. Containers to Taiwan (Kaohsiung)	349	346	341
40 ft. Containers to Philippines (Manila)	360	357	352
40 ft. Containers to Indonesia (Jakarta)	354	354	353
40 ft. Containers to Malaysia (Port Kelang)	357	355	352
40 ft. Containers to Vietnam (HCMC)	356	356	354
40 ft. Containers to Japan (Yokohama)	355	352	347
40 ft containers to Thailand (LCMB)	356	354	351
40 ft Containers to Shanghai, China	342	342	341
KC & Elwood, IL Rail Yard (delivered Ramp)	276	272	267

Source: WPI, *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.

DDGS vs Corn - Prices

FOB US GULF DDGS & CORN PRICES



Other Products

Specification	Price per m/t FOB vessel Peru port
65 protein	1450/1470 m/t
65/66 protein	1500/1520 m/t
67 protein standard steam	1520/1540 m/t
67 protein SD 150 TVN	1540/1560 m/t
67 protein SD 120 TVN	1560/1580 m/t
67 protein SD 1000 hist, 120 TVN	1580/1600 m/t
68 protein SD 500 hist, 120 TVN	1600/1620 m/t
Fish oil, crude bulk	1950/2000
Fish oil, crude drums	2150/2200
Fish oil, flexi tank	2100/2150
Fish oil, Omega 3: 28%EPA/DHA	2600/2800

Soymeal, 48 protein, FOB NOLA	USD 585>>570 May>>July	X
Soymeal, 48 protein, USA, Rotterdam	USD 648>>617 May>>July	X
Soymeal, Argentina, Rotterdam	USD 579>>562 May>>July	x
Soymeal, 47 pro, FOB Argentina	USD 543>>505 May>>July	x
Soymeal, 48 protein, Brazil, Rotterdam	USD 565>>552 May>>July	x
Soymeal, FOB Brazil	USD 524>>501 May>>July	X
Soymeal, 48 protein, India FOB	USD 665/675	X
Soybeans, FOB NOLA	USD 575>>565 May>>July	x
Soybeans, Argentina, FOB	USD 532>>506 May/July	X
Soybeans, Brazil, FOB	USD 530>>501 May>>July	x
Soybeans, Rotterdam	USD 581>>573 May>>July	x
Soybeans, Black Sea	USD 550/565	x

Container shipments, minimum 200 m/t

Argentina Meat & Bone meal, 45 protein	USD 520/530 CNF Asia
Paraguay Meat & Bone meal, 45 protein	USD 470/480 m/t CNF Asia
Australian MBM 45 protein	USD 620/640 m/t CNF Asia
Australian MBM 50 protein	USD 670/690 m/t CNF Asia
Australian Feathermeal, 80 protein	USD 860/870 m/t CNF Asia
Australian Poultry Meal, pet food	USD 1050/1080 m/t CNF Asia
USA Meat & Bone meal, 50 protein	USD 690/710 m/t CNF Asia
USA Feathermeal, 80 protein	USD 930/940 m/t CNF Asia
USA Poultry Meal, feed grade	USD 810/830 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 1080/1100 m/t CNF Asia

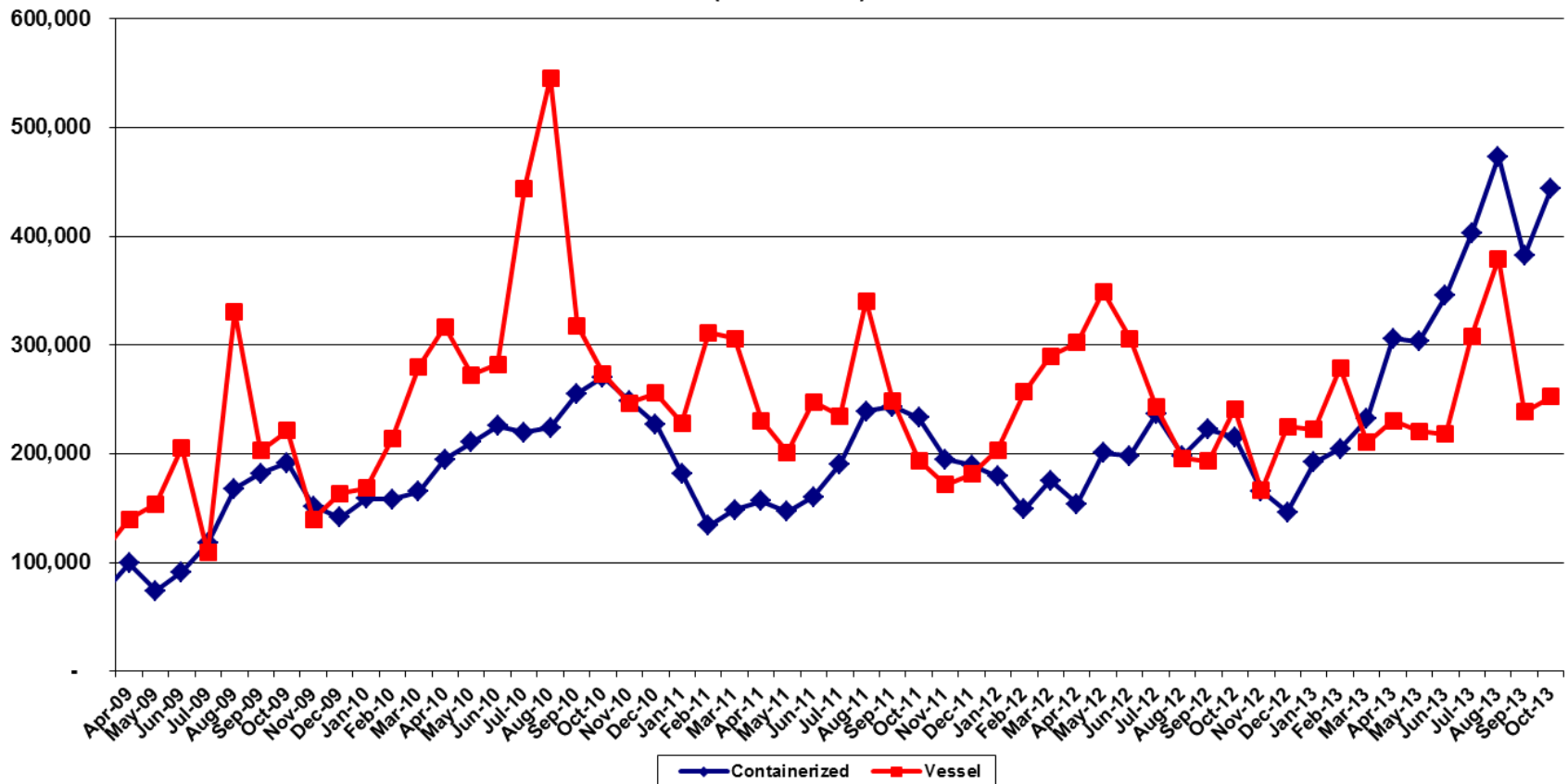
The following indications are at producer's factory, ex-works in bulk

Meat and bone meal, USA, 50 protein	USD 500/530 m/t
Feathermeal 80 protein USA	USD 740/760 m/t
Poultry meal 57 protein, Eastern USA	USD 660/680 m/t

Corn Gluten Meal, USA FOB NOLA	USD 900/910 m/t May/July	X
Corn Gluten Feed, USA FOB NOLA	USD 220/225 m/t May/July	X
DDGS, 35 profat, USA FOB NOLA	USD 289>>281 m/t May>>July	x
DDGS, 35 profat, CNF Asia	USD 355>>350 m/t May>>July	x

DDGS Container vs Bulk Vessel

DDGS Container vs Bulk Exports
(Metric Tons)



OCEAN FREIGHT MARKETS AND SPREAD

US Gulf to Europe: 60/70,000	\$18.00	Up \$1.00	x
US Gulf to Egypt: Panamax	\$29/30.00	Down \$1.00	x
US Gulf other Med: 25,000 MT	\$35/36.00	Up \$1.00	x
US Gulf Israel: 50,000 MT	\$31/33.00		x
US Gulf Morocco: 25,000	\$34/35.00	Up \$1.00	x
US Gulf Nigeria: 30,000 m/t	\$37/38.00		x
US Gulf Turkey: 50,000	\$32/34.00		x
US Gulf Yemen 35/45,000	\$45/46.00		x
US Gulf Japan: Panamax	\$46/47.00		x
US Gulf China: Panamax	\$45/46.00	Down \$1.00	x
US PNW Asia: 35/45,000 m/t	\$34/36.00		x
US PNW Japan: 50,000+ m/t	\$26/27.00	Up \$1.00	x
US PNW China: 50,000+ m/t	\$25/26.00	Up \$1.00	x
France to Algeria: 30,000 m/t	\$25.00		x
France to Morocco: 30,000 m/t	\$26.00		x
France to Egypt: 30,000 m/t	\$26.00		x
France to Jordan: 35/45,000 m/t	\$31.00		x
France to Saudi Arabia: 50/60,000 m/t	\$38.00		x

Argentina to Europe: 50,000 m/t	\$23.00		x
Argentina to Egypt: 50,000 m/t	\$32/33.00		x
Argentina to Algeria: 25/30,000 m/t	\$32/33.00	Down \$1.00	x
Argentina to Morocco: 25,000 m/t	\$32/33.00		x
Argentina to Saudi Arabia	\$43.00		x
Argentina to Spain: 30,000 m/t	\$32/33.00		x
Brazil to Algeria: 25,000 m/t	\$30/31.00		x
Brazil to Turkey/Egypt: 50,000 m/t	\$25/26.00		x
Brazil to Morocco: 30,000 m/t	\$30/31.00	Up \$1.00	x
Brazil to Europe	\$25.00		x
Black Sea to Spain: 30,000 m/t	\$17/18.00		x
Black Sea to Morocco: 30,000 m/t	\$22/23.00		x
Black Sea to East Med: 30,000 m/t	\$14/15.00		x
Black Sea to East Med: coaster	\$23/24.00		x
Black Sea to Saudi Arabia – Jeddah – 50k	\$25/27.00		x
Baltic Dry Index	997	Down 20	x
Baltic Capesize Index	1541	Down 288	x
Baltic Panamax Index	869	Down 46	x
Baltic Handysize Index	508	Down 2	x



DDGS market dynamics

- ☐ GMO
- ☐ Value (price)
- ☐ Competition
- ☐ Alternatives (India & others)
- ☐ Product Education





Southern Mexico DDGS Program Yields Positive Results

Mexico is the third-largest market for U.S. distiller's dried grains with solubles (DDGS) but its southern region remains an underserved livestock sector with growth potential for U.S. exports. The U.S. Grains Council is on the precipice of opening this market for U.S. grain exporters.

In 2012, the Council conducted an assessment of southern Mexico's potential to begin using DDGS to feed livestock.

Positive results of this pilot program could bode well for expansion; in 2013, Mexico imported 1.3 million metric tons for feeding purposes. The potential exists to more than double current

amounts by providing technical and practical education to local cattlemen.

"Livestock production in this area can be characterized as small-scale producers with limited access to imported grain feeds," said Julio Hernandez, USGC director in Mexico. "Our assessment showed despite limited investment in this area by importers and feed millers, the region had tremendous import potential for feed grains, ranging from 1.5 to 3 million tons per year."

The Council began exploring opportunities to promote the use of U.S. DDGS to ruminant producers in the area. A trial was conducted over a 100-day period in which grazing cattle received a supplemental ration of 1kg (2.2 pounds) of feed concentrate (80 percent DDGS) per animal per day.

The results were dramatic and encouraging. Supplemented cattle grew twice as fast as the control group. This demonstrated cattle supplemented with feed concentrate using DDGS reduced the time it took to reach market weight in half, from 200 to 100 days. Southern Mexico's cattlemen would benefit despite the additional cost of purchasing the feed concentrate, potentially doubling profits.

As result of these promising initial trials, a local cattleman who leads a nearby consortium of cattle farmers committed to conducting further commercial trials with more than 30,000 head of cattle.

"The Council's Mexico office will work closely with this group to ensure understanding and success," Hernandez said. "We are already working with regional importers to develop a smooth flow of DDGS to the region."

Results of the forthcoming trials will be disseminated in the region – including Quintana Roo, Campeche, Tabasco and Chiapas – illustrating to cattlemen that they can enhance their income through use of U.S. DDGS in feed concentrates. These areas comprise a large amount of beef, dairy, dual-purpose cattle and swine herds with little to no exposure to DDGS.

"This region has tremendous growth potential for U.S. DDGS and could eventually achieve a demand of more than 1 million tons per year," said Javier Chavez, USGC marketing specialist in Mexico. "An increased demand will generate interest from suppliers and expanding DDGS availability at competitive prices is inevitable."

Southern Mexico DDGS Program Yields Positive Results





- ❑ Plant Registration
 - 46 + plants registered
 - More in pipeline
- ❑ Product Registration
AQSIQ
- ❑ Price advantage
- ❑ GMO...
- ❑ Soy complex

China – Plants Registered

Officially certified, 46 plants with Ministry of Agriculture – Peoples Republic of China:

- ✓ Patriot Renewable Fuels, LLC
- ✓ Marquis Energy LLC
- ✓ Marquis Energy – Wisconsin LLC
- ✓ Lincolnway Energy LLC (Hawk Gold)
- ✓ Platinum Ethanol LLC (Hawk Gold)
- ✓ Louis Dreyfus Norfolk, LLC
- ✓ 9 plants of Valero Renewable Fuels Company, LLC
- ✓ (including their plants in Albert City, Albion, Aurora, Bloomingburg, Charles City, Fort Dodge, Hartley, Linden, and Welcome)
- ✓ Big River United Energy, LLC (Hawk Gold)
- ✓ Big River Resources West Burlington, LLC (Hawk Gold)
- ✓ Big River Resources Boyceville, LLC (Hawk Gold)
- ✓ Big River Resources Galva, LLC (Hawk Gold)
- ✓ ADM – Columbus,
- ✓ ADM – Cedar Rapids
- ✓ Badger State Ethanol, LLC
- ✓ Homeland Energy Solutions, LLC
- ✓ One Earth Energy LLC (AgMotion)
- ✓ Illinois River Energy LLC (AgMotion)
- ✓ Bio-Nutrition International, Inc. USA
- ✓ Alltech Inc. USA
- ✓ Vitech Bio-Chem Corporation, USA
- ✓ Guardian Energy, LLC
- ✓ Golden Grain Energy, LLC



NEW PLANTS below:

- ✓ AL-Corn Clean Fuel
- ✓ Glacial Lakes Energy
- ✓ ACE Ethanol – Stanley
- ✓ Guardian Lima, LLC
- ✓ Aberdeen Energy
- ✓ 11 plants from POET
- ✓ (including their plants in Mitchell, Jewell, Ashton, Corning, Hanlontown, Gowrie, Groton, Hudson, Chancellor, Bog Stone, Emmetsburg)

Unloading DDGS importing port

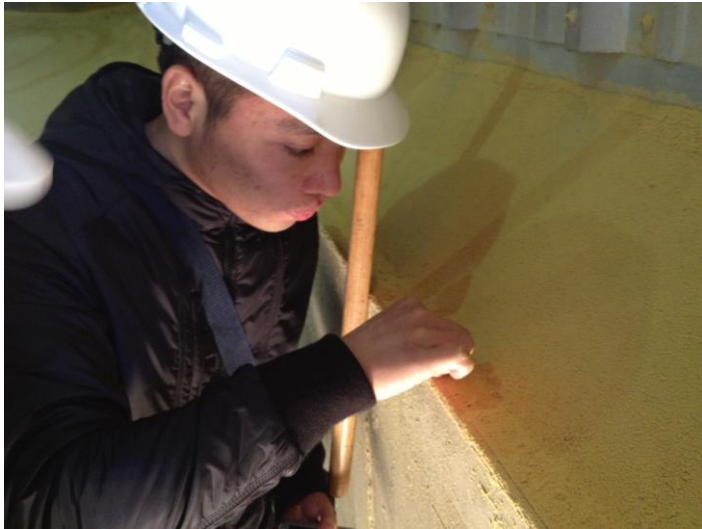


Receiving DDGS by container



Unloading containers at destination





Trade Servicing

- ☐ Assessment
- ☐ Market presence
- ☐ Reciprocal visits
- ☐ Trade support (claims)
- ☐ FAS / APHIS / USGC
- ☐ Industry input



Thank you!